

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6611

BILL NUMBER: SB 340

NOTE PREPARED: May 11, 2011

BILL AMENDED: Apr 11, 2011

SUBJECT: Charity Gaming.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR: Rep. Davis

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: *Volunteer Ticket Agents:* This bill authorizes a qualified organization to use volunteer ticket agents (VTA). It requires a qualified organization to provide to the Gaming Commission a list containing: (1) the name, address, and telephone number of each retail establishment whose employees will serve as volunteer ticket agents; and (2) the name of the general manager of each retail establishment listed by the qualified organization. It provides that each ticket or entry sold by a volunteer ticket agent must have the name of the qualified organization, the date of the allowable event, and a valid license number for the allowable event. It requires all tickets sold by volunteer ticket agents to be numbered sequentially. It also requires a qualified organization to provide to the Gaming Commission the name, address, and telephone number of each person who served as a volunteer ticket agent.

Study Committee: The bill establishes the Charity Gaming Study Committee for the 2011 interim.

Credit Card Purchases: The bill authorizes a qualified organization to accept credit cards for certain sales occurring at an allowable event. It prohibits the acceptance of credit cards or extending credit for the chance to play a game of chance or to purchase a licensed supply at an allowable event.

Charity Gaming Adjusted Gross Revenue: The bill excludes revenue from related activities occurring at an allowable event from the determination of a qualified organization's license renewal fee.

Festival License Duration: The bill increases the number of days that a qualified organization can conduct charity gaming under a festival license from four to five days.

Bingo Workers: The bill provides that a worker at a bingo event may participate as a player at the bingo event

under certain circumstances.

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Charity Gaming Study Committee:* The study committee would have 13 members, consisting of 4 members of the Senate, 4 members of the House of Representatives, 4 lay members, and the Executive Director of the Indiana Gaming Commission. The bill requires that the lay members are members of an organization qualified to conduct charity gaming. The bill specifies study topics for the committee and requires the committee to submit a final report of its study to the Legislative Council before November 1, 2011. The study committee would expire on January 1, 2012.

Under the bill, legislative and lay members are entitled to the same per diem, mileage, and travel allowances paid to such members of interim study committees established by the Legislative Council. A member who is a state employee but not a legislator would receive the existing reimbursement for travel and other expenses for state employees. The study committee would operate under the policies governing study committees adopted by the Legislative Council. Staffing for the study committee would be provided by the Legislative Services Agency. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members.

Explanation of State Revenues: *Charity Gaming Adjusted Gross Revenue:* The bill excludes revenue derived from related activities of an allowable charity gaming event from charity gaming adjusted gross revenue. Charity gaming adjusted gross revenue is the basis for fees paid for annual and single-event charity gaming licenses. This could potentially reduce revenue from charity gaming license fees, with the revenue impact varying by license type. The precise reduction in revenue that may occur is indeterminable but likely minimal. This is based on the relatively small percentage of gross revenue attributable to concession receipts (see *Background Information*).

Festival License Duration: The bill increases from four to five the number of days that a qualified organization can conduct charity gaming under a festival license.

The longer operating period could potentially increase sales of pull tabs, punchboards, and tip boards and gross receipts earned by organizations conducting festivals. If the additional sales by such organizations don't displace spending on charity gaming events held by other organizations, the change in the bill could lead to an indeterminable increase in revenue from charity gaming license fees and the charity gaming excise tax.

Background Information: Charity gaming license fees are based on the adjusted gross revenue an organization derived from charity gaming during the prior year (for an annual license) or the prior charity gaming event (in the case of a single-event license). Under current statute, adjusted gross revenue is the total gross revenue from charity gaming events and related activities minus deductions for cost of prizes, certain supplies, license fees, advertising expenses, and up to \$200 per day for facility rent. The renewal fees range from \$50 if adjusted gross revenue is less than \$15,000, to \$26,000 if adjusted gross revenue is at least \$3 M. Current statute does not define "gross revenue from related activities." However, rules of the Indiana Gaming Commission (68 IAC 21-2-6(I)) specify that "sales of any goods, services, or other property sold in direct connection with or because of any gambling aspect of an allowable event must be included in gross receipts as a related activity for purposes of the qualified organization's renewal fee." While annual revenue reports by charity gaming organizations indicate that concession income overall represents less than 1% of total gross revenue, this percentage varies. Annual bingo licensees generate about 80% of the gross charity

gaming revenue, with concession income of roughly 0.5% of the gross. Conversely, festival licensees generate only about 2% of the gross charity gaming revenue, but concession income totals about 20% of the gross.

The festival license allows a bona fide civic, educational, political, religious, senior citizens, or veterans organization to conduct bingo, games conducted at a charity game night, raffle drawings, and door prize drawings, and to sell pull-tabs, punchboards, and tip boards for up to four consecutive days.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Gaming Commission; Legislative Services Agency.

Local Agencies Affected:

Information Sources: Indiana Gaming Commission, Charity Gaming Annual Reports, 2000-2009, <http://www.in.gov/igc/2479.htm>. Auditor of State, *Revenue Trial Balance*, FY 2010.

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